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National Intelligence Bulletin

DIA review(s) completed.

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February 9, 1976

No 678

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Approved For Release 2005/06/01 : CIA-RDP79T00975A028600010014-9

Approved For Release 2005/06/01 : CIA-RDP79T00975A028600010014-9

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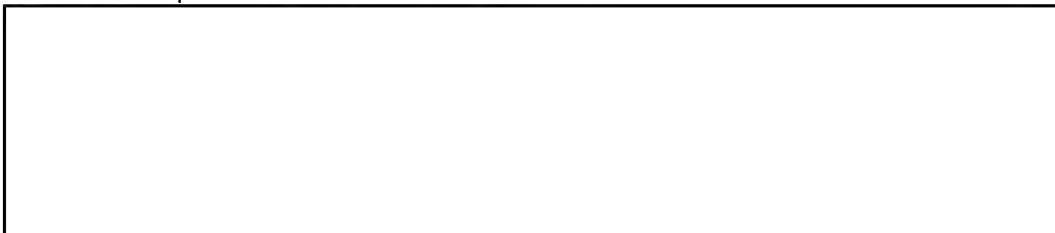


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CHINA

Beyond a brief and almost casual acknowledgment of the appointment of Hua Kuo-feng as acting premier, the Chinese have thus far made no attempt to explain the move. The acknowledgment was made by listing Hua's new title in a routine report by the Chinese news agency noting that he had met with a foreign delegation. Hua has been virtually the only member of the Politburo to engage in such public functions in the past few weeks.

[REDACTED]

Peking may have felt it necessary to make news of the appointment official slightly earlier than planned once the story broke in a Hong Kong newspaper Saturday morning.

The move is obviously a major setback for Teng Hsiao-ping, China's first deputy premier, who has been acting for Chou En-lai for over a year. Nearly all Chinese officials in and out of China had long predicted that Teng would succeed Chou; these predictions were continuing after Chou's death and up through last week.

[REDACTED]

Teng's rapid rise to prominence over the past three years from the powerless obscurity of a purged victim of the Cultural Revolution attested to the careful planning that had gone into the succession arrangements. Each step in Teng's return to power had the full endorsement of Chairman Mao Tse-tung.

Teng has not appeared in public since he delivered the eulogy at Chou's funeral on January 15. The delay in naming him premier suggested that the appointment had run into trouble [REDACTED]

[REDACTED] A vicious and only thinly veiled attack on Teng appearing in last Friday's *People's Daily* indicated that the trouble was serious.

The tone of this attack, which was reminiscent of the polemics that characterized the Cultural Revolution, strongly suggests that the party's left wing, which was responsible for Teng's initial purge and which has clearly resented his return to prominence, still retains something of a veto over major appointments—at least when persons of the symbolic importance of Teng are involved.

We have no indication that Teng has again been purged. Chinese officials abroad are apparently claiming that Teng remains first deputy premier, and he presumably retains his posts as armed forces chief of staff, as a member of the Politburo standing committee, and as vice chairman of the party.

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The designation of Hua Kuo-feng as "acting" premier indicates that the problem of the succession to Chou is by no means fully settled. Teng might eventually get the post on a permanent basis when the National People's Conference—the body that formally passes on such appointments—next meets. As it is now constituted, the body is relatively conservative. The odds against Teng's appointment, however, are now quite long. It may be some time, moreover, before the conference convenes. Prior to January 1975, the conference had not met for a decade, largely because of deep-seated quarrels within the party.

It is evident that these quarrels, in large measure a legacy of the Cultural Revolution, have not been resolved. The residual power of the party's left wing, in slow decline since 1969, appeared to have been broken in the course of the anti-Confucius campaign of 1974, which in large measure was designed to pave the way for Teng's succession to the premiership. The leftists, however, appear to have seized on the issue of proposed changes in the educational system in the weeks immediately preceding Chou's death to reopen debate on a series of basic issues, in particular the succession itself.

Mao doubtless endorsed Hua's appointment as acting premier. This point was made explicitly in the Hong Kong newspaper story that broke the news of the appointment. The Chairman may never have been fully comfortable with Teng, with whom he had major differences in the early 1960s. Mao's explicit backing of Teng at each step in his return to power, nevertheless, closely associated the Chairman with the deputy premier, and Mao's image will be further tarnished. If Teng does not recoup, he would appear to be the latest in the long string of "wrong horses" the Chairman has backed in China's drawn-out succession struggle.

Although the left will take comfort in the current setback to Teng, the appointment of Hua is far from a leftist "victory." Hua entered high-level politics in Peking in the wake of the fall of former defense minister Lin Piao—a moment when the left was reeling—and he was denounced in the anti-Confucius campaign for "suppressing the masses."

Hua was given formal authority in internal security matters through his appointment in January 1975 as minister of security. Hua is capable and affable, but lacks the wide experience of Teng Hsiao-ping—much less that of Chou En-lai. He has no background in foreign affairs, although foreigners who have held discussions with him have found him generally conversant with major international issues.

The new acting premier ranks with second vice premier Chang Chun-chiao as the most important of the "middle generation" of China's leaders due to succeed the old guard who formed the Chinese Communist Party and who are now dying off. He rose to power as an important provincial figure during the Cultural Revolution. He is therefore probably more acceptable to the leftists than the old-line party bosses of whom Teng is the primary symbol.

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Hua's current politics and the fact that he is not associated with the excesses of the Cultural Revolution make him acceptable to the more conservative party members. He is thus obviously a "compromise candidate," and his position in the middle of the political spectrum presumably was the primary recommendation for his appointment.

No major changes in China's domestic policies are expected to result from Hua's accession as acting premier, although presumably the proposed changes in educational practices are now in abeyance. Hua has been closely associated with the recent efforts to upgrade China's agricultural output in preparation for further modernization of the country's industrial plant; he will doubtless continue to press this program, which was also closely associated with Teng Hsiao-ping.

Hua is also unlikely to initiate any major changes in China's foreign policy, particularly while the succession issue remains in doubt. Foreign policy issues, nevertheless, may well have played a part—albeit subordinate—in the struggle that led to his appointment. The announcement, only one day before Hua's appointment as acting premier was revealed, of Richard Nixon's impending visit to China suggests that the issue of relations with Washington was discussed in the meetings that followed Chou's funeral.

The unusual handling of the release of the Soviet helicopter crew late in December may also have been an outgrowth of the backstage maneuvering over the premiership.

Although immediate changes in domestic and foreign policies are probably not in the cards, China's party members are likely to be unsettled by Hua's sudden and unexpected appointment. This new evidence of instability and division in the upper ranks of the party will almost certainly have an adverse affect on morale. Indeed, the fact that Chou's arrangements for the succession to the office he held for so long did not hold up for even a month suggests that Mao's arrangements for his own succession are likely to be fragile at best.

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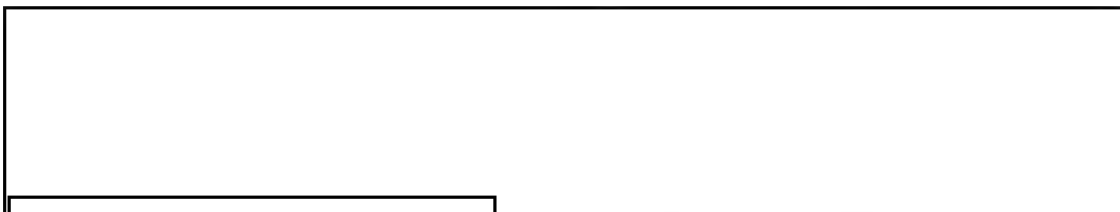
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LEBANON

In a communique following Lebanese President Franjiyah's visit to Damascus on Saturday, Syrian President Asad affirmed that Syria will guarantee Palestinian respect for past Lebanese-Palestinian agreements restricting fedayeen freedoms in Lebanon.



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Arafat and other independent fedayeen leaders would prefer that the past agreements be disregarded completely, but they are heavily dependent on Syrian support and have been apprehensive that Damascus would implement more pervasive controls to win a peace settlement in Lebanon.

Damascus probably will follow through on its pledge by continuing its recent efforts to move units of the Syrian-controlled Palestine Liberation Army into areas where the fedayeen and the Lebanese Christian militias most often clash. Liberation Army forces in Beirut probably will try to restrict armed fedayeen to the refugee camps.

These actions will help to preserve the cease-fire and facilitate political negotiations at no long-term cost to the fedayeen military position in Lebanon. They could be easily reversed should Syrian policy toward Lebanon change in the future.

Asad's promise to control the fedayeen may lead to an early announcement of a political agreement between Lebanese Christians and Muslims. The Christians, who have been demanding that the Palestinian question must be settled before any political reforms can be implemented, now have little excuse for delay.

A Lebanese newspaper reported yesterday that Franjiyah and Asad on Saturday signed a wide-ranging secret agreement that will be made public after it is approved by the Lebanese cabinet this week. The accord reportedly provides for a revised and written national charter to replace the existing unwritten national covenant, the scheduled withdrawal of Palestine Liberation Army troops from Lebanon, and the formation of a new cabinet under Prime Minister Karami.



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[REDACTED] Khaddam did tell newsmen on Friday that Asad and Franjiyah, even before their meeting in Damascus, had reached agreement on a political settlement covering "all aspects" of the Lebanese dispute.

Franjiyah presumably will use the agreement on the Palestinian question in a final attempt to elicit the backing of all Christian factions for the comprehensive political settlement.

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Approved For Release 2005/06/07 : CIA-RDP79T00975A028600010014-9

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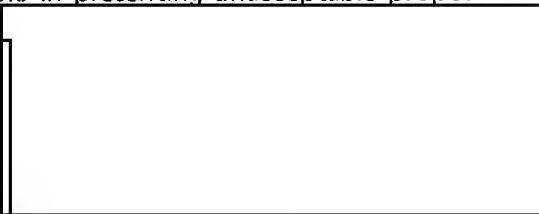
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MOROCCO-ALGERIA

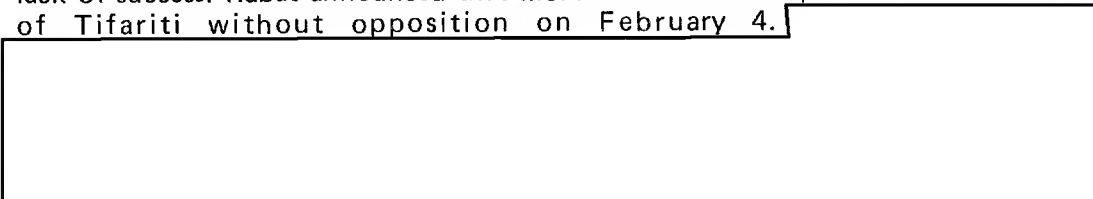
Egyptian Vice President Mubarak apparently was unsuccessful in his effort last week to mediate the dispute between Morocco and Algeria over Spanish Sahara.

Neither Rabat nor Algiers seemed disposed to make concessions. A senior Moroccan Foreign Ministry official indicated on February 4 that Rabat will resist any effort that allows Algiers a substantive role in the Sahara issue. The Moroccans have been insisting on recognition of their sovereignty over Sahara and withdrawal of Algerian forces, probably meant to include the Polisario guerrillas, as a condition for any negotiations.

Algeria may have been equally inflexible in presenting unacceptable proposals through Mubarak for settling the dispute.



Morocco's decision to continue its gradual military sweep in Spanish Sahara while Egyptian mediation efforts were still going on also contributed to Mubarak's lack of success. Rabat announced that Moroccan forces occupied the Saharan town of Tifariti without opposition on February 4.



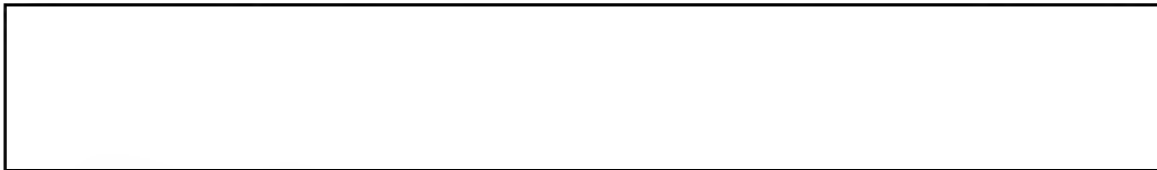
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ICELAND-UK

Iceland decided on Friday not to break diplomatic relations with Britain.

Prime Minister Hallgrimsson apparently was able to convince his cabinet that a break would destroy chances for serious negotiations to end the fishing dispute. The cabinet probably also was influenced by a second offer by NATO Secretary General Luns to try to find a solution to the cod war. Luns was instrumental in bringing the two sides to the negotiating table last month.



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Meanwhile, British trawlermen reportedly have voted by radio to sail into a conservation area off the northeast coast of Iceland. The move brought Icelandic protests that Britain had earlier agreed to stay out of the area between February and June. London has acknowledged that the area should be protected, but beginning in April instead of February.

Although the Icelandic cabinet did not follow through on its threat to break relations with London, Reykjavik is still under heavy pressure to respond to the return of the British frigates. The British decision to fish in the conservation area and another incident at sea on Saturday have further angered the Icelanders. Additional incidents at sea could force the cabinet to reconsider its decision.



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